



Agenda Packet
Special Committee on Accountability
in the Workforce

Governor
Arnold Schwarzenegger

Chair
Lawrence Gottlieb

Executive Director
Brian McMahon

Thursday
November 10th, 2005
1:00—3:30

Sacramento Employment and
Training Agency
925 Del Paso Boulevard, Sequoia Room
Sacramento, California



**Special Committee on
Accountability in Workforce Investments
MEETING NOTICE**



Lawrence Gotlieb
Chairman

Christine Essel
Vice Chair

**Sacramento Employment and Training Agency
925 Del Paso Boulevard, Sequoia Room
Sacramento, CA**

**Thursday, November 10, 2005
1:00 PM to 3:30 PM**

Arnold Schwarzenegger
Governor

Brian McMahon
Executive Director

Agenda

1. Welcome and Opening Remarks

- Kirk Lindsey, Chair

2. Action – Approval of September 27, 2005 Meeting Summary

3. Update – CDE Adult Education Survey Questions

4. Action – Approval of the Cost Study Proposal of the One-Stop Career System

5. Discussion – Business Services for Small Business in the NorTEC Local Workforce Investment Area

- Charles Brown, NorTEC Executive Director

6. Public Comment

7. Other Business that May Come Before the Committee

ADJOURN

Meeting conclusion time is an estimate; meeting may end earlier subject to completion of agenda items and/or approved motion to adjourn.

In order for the Committee to provide an opportunity for interested parties to speak at the public hearings, public comment may be limited. Written comments provided to the Committee must be made available to the public, in compliance with the Bagley-Keene Open Meeting Act, §11125.1, with copies available in sufficient supply.

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**California Workforce Investment Board
Subcommittee on Accountability in Workforce Investments
Meeting Summary
September 27, 2005
Sacramento, California**

Meeting called to order by Chair, Kirk Lindsey at 1:00 PM.

Members present:
Kirk Lindsey
Charles Lundberg
Jerald Dunn
James Shelby
Gayle Pacheco

Staff present:
Brian McMahon, Ex. Director
Ray York, Staff Lead
Shelly Green
Margaret Mack
Cathe Rutherford
Steve Saxton, EDD/WIB
Wendi Maxwell, CDE/Adult Ed.

1. Welcome and Opening Remarks

- Chair welcomed all and asked for self-introductions.
- Chair thanked Mr. Shelby and the Greater Sacramento Urban League for hosting this meeting. Mr. Shelby introduced two students who spoke to the Committee on the value of the training programs at GSUL. Both students had positive feedback to share with the committee.

2. Action: Approval of August 23, 2005 Meeting Summary

- Chair called for discussion on August 23, 2005 meeting summary.
- Motion by Ms. Pacheco to approve, second by Mr. Dunn. Motion carried.

3. Discussion of Two Study Proposals

- Chair opened discussion on two proposed studies.
- Due to Ms. Maxwell's travel schedule, Mr. York requested the Adult Education and One-Stop System Partnership Study be considered first. Agreed by consensus.

Adult Education and the One Stop System Partnership Study

Background briefing provided to the committee by Mr. York, CWIB Lead staff to the committee, covering the following information.

- This can be a unique opportunity to establish a collaborative relationship with Adult Education.
- The two study proposals are conceptual. It is the intention of committee staff to provide more "flesh on the bone" for the studies that will be formally presented to the Full Board for approval in late Nov. 2005.
- The study will provide an opportunity to develop an in-depth review of the Adult Education and State Board partnership. CDE has identified over 350 plus Adult Education providers. In the most recent Adult Education partnership survey, there were 62 responses out of the 350 providers.

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- Common problems identified in the 2003 CDE Adult Education survey were:
 1. Bureaucracy is perceived as a barrier.
 2. No dedicated funding to maintain One-Stop partnerships.
 3. There is no specific funding to maintain One-Stop partnerships.
 4. Lack of understanding of partner constraints can be a barrier.
- Potential benefits are:
 1. Improve local partnerships.
 2. Closer coordination at State level.
 3. Better communication among the local infrastructure.
 4. Share and improve data and accountability issues.

The survey will go to both agencies, Adult Education providers and Local Area One-Stops.

Chair thanked Mr. York and asked Ms. Maxwell, CDE Adult Education representative for her thoughts. Ms. Maxwell supported the background information by elaborating on some of the points in Mr. York's discussion and added two final points. The joint survey would allow the Adult Education program to update their data and more importantly, could serve as a model for continuing WIA partnership developments.

Chair then reminded the committee the initial CDE survey was done in 2003 and things may have changed. He also asked the question, "How does this effect a person within the One-Stop system?" Ms. Maxwell indicated this type of information would improve a person's access to both the Adult Education and One-Stop systems.

Chair then asked for input from the audience. Ms. Hamilton (Executive Director, California Workforce Association) suggested that the committee build on the known barriers and convene workgroups throughout the State to collaborate on how to proceed knowing what we currently know. The following points became a basis for further discussion:

- Would people attend these meetings throughout the State?
- Can we, this committee, conduct both proposed surveys?
- Do the local workforce investment boards (LWIBs) and the One-Stop system partners have capacity to do both surveys?
- Do we want to know what customers think?
- Include One-stop operators in this survey.
- Could this type of study be a starting point (model) to provide Adult Education with greater access to potential clients using the One-Stop system?
- Should this type of survey methodology be reversed? Should we identify the issues and ask for input.

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- Do we want to know what customers think about the Adult Education and local area partnerships? If known, the survey has the potential to improve local partnerships by opening up dialogue opportunities between the two One-Stop system partners.

Following the above discussion topics, the Chair asked the committee if this type of study could be considered a full One-Stop system partnership question. Are the concerns discussed above the same for all partners?

The committee through an open discussion identified three components for the survey.

1. Create a model survey that can be used for all One-Stop system partners.
2. Develop a model or methodology on how the State Board can accumulate results that makes business sense.
3. Define what works.

Committee members indicated this survey should also indicate what data is missing from the survey. Question was raised. Could we use Adult Education as the 1st stage or phase for the more intensive One-Stop System Cost and Infrastructure study?

Mr. McMahon, CWIB Executive Director, responded at this point and elaborated on the following two guiding principles associated with each of the State Board Special Committees.

1. There are four (4) State Board Special Committees and each is designed to be a collaborative effort. Committee leads share information among the committees and thus overlapping concepts may be considered by multiple committees.
2. Not enough resources in the WIA system to fix all ideas, we need to combine existing resources to improve the system as a whole.

Note: At this point in the discussion the committee digressed from the main topic to consider the concept of state legislation to increase WIA funding. There was also discussion related to the CPR recommendation to combine the Employment Training Panel funds with WIA funds to increase available resources. Summation of the digression was to look at all available WIA resources rather than just financial resources.

Chair called for final discussion and then asked for a motion from the Committee. Ms. Pacheco moved to proceed with the CDE/Adult Education and CWIB Joint Program study using the reverse concept discussed above. The methodology suggested by Ms. Hamilton would be to develop questions and request input based upon the Adult Education identified issues. Motion seconded by Mr. Dunn. Motion carried based on voice vote.

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Staff was directed to develop the questions and bring them back to the committee for their input and review¹ prior to sending out the study. The chair indicated that this committee did not need to seek full State Board approval to do this study so therefore with the committee's concurrence, we would move forward on doing the survey when the question content is approved by the committee.

Mr. McMahon advised this committee should be prepared to report out on the status of its' work at the next CWIB Administration Committee meeting on October 31st. The Chair, Mr. Lindsey, indicated he would work with the staff lead and be prepared to inform the Admin. Committee on the status of this activity.

CWIB/EDD One-Stop Cost and Infrastructure Study

Chair asked Mr. York to provide the committee with background on the subject. Using the briefing paper Mr. York summarized the report as follows.

The report identified the common themes that we know as explained in the briefing paper titled Joint Proposal to Conduct a Cost Study of the One-Stop Career System. Mr. York subsequently explained that there were different operations within the One-Stop Career Center System through out California. He also indicated there was no accurate picture of what the system looked like and we need to understand how the system works in order to improve the system. This study will produce deliverables that will provide a description of how the One-Stop system is currently working.

Some of the major goals of the study are:

- ✓ To describe what works within the existing One-Stop Career system,
- ✓ To identify costs and service efficiencies,
- ✓ To improve mandated partnerships, and
- ✓ To improve services for customers.

Chair then asked Mr. Saxton, EDD/WID for his input. Mr. Saxton indicated that based on the first test of this type of study, it was critical that all One-Stop system partners at the local level are involved. Mr. Saxton identified the following nine principles as the guiding concepts for this type of study:

- ✓ The results should enable the system's partners to tell an accurate story of the workforce system's costs, achievements, and returns on investment.
- ✓ The analysis should match costs, services, and outcomes.
- ✓ The analysis should be system-wide, not focused on funding silos.
- ✓ All partners' contributions should be considered.

¹ Committee concurred that we would need CDE's concurrence on the questions prior to sending out to the Local Adult education agencies and the One-Stop operators statewide.

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- ✓ Data collection should be designed to minimize burden and maximize the potential for project success.
- ✓ Existing data should be used whenever possible to lessen the data collection burden on participating entities.
- ✓ Categories used for data collection should be clearly defined, easily understood, and reasonably easy to report.
- ✓ Focus sites should be used to develop more detailed interpretive data.
- ✓ The data collected and analysis performed should support valid conclusions.

The study will focus on selected and agreed to service categories. The in-depth study will also include a few case studies in selected LWIAs that will reflect cross agency participation and contribute to determining the value received for One-Stop system participation.

To determine the value received for every dollar spent for services, the study will develop a methodology that would reflect the actual dollars spent that each partner contributes to the One-Stop operation. The data developed will provide objective documentation of actual One-Stop system costs and services.. Finally, the data collected in this study should improve the One-Stop system by providing a longitudinal database that can be used for all One-Stop system issues and concerns.

The Chair asked the committee "Do we do this survey"? Discussion continued and became more specifically focused on the following considerations.

- We need to involve stakeholders in the One-Stop system by discussing with them the findings of the study.
- This study should include a methodology study of One-Stop operations.
- We need to find out if State level agencies can provide some of the statewide data.
- The in-depth case study LWIAs must be carefully selected.
- The study should provide an overview of all 50 LWIAs in California.
- The study must produce a cost description of how One-Stop system funds are spent. The cost description must reflect the "real" work in the One-Stop system.

The Chair called for a motion on the Cost Study proposal. James Shelby moved to adopt the proposed One-Stop Cost and Infrastructure Study as proposed with amendments. Gerald Dunn seconded. Motion carried.

The committee provided direction to staff as follows:

- ✓ Must include marketing to State level partners. We need their buy-in for the study to be successful.
- ✓ The CWA Executive Director indicated their organization will actively support this study by stressing the importance of the study and the critical need to understand the actual costs of the One-Stop system in California.

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Mr. York, Lead staff to this committee thanked the committee for their work on this matter.

Public Comment

Mr. Bloom, Chair of the CWA Issues Committee, mentioned that he would share CWA concerns with this committee and take back to CWA members the information obtained from his attendance.

4. Next Steps

- ✓ Chair requests that staff prepare a preliminary document by mid. November on the status of the One-Stop system Cost Study and the Adult Education Survey.
- ✓ Look at a greater involvement with the Community Colleges in the One-Stop system.
- ✓ Explore the possibility of scheduling another committee meeting to review and finalize Adult Education Survey questions and work-to-date on the One-Stop Cost Study Proposal.

5. Other Business that May Come Before the Committee

Mr. Charles Brown, Executive Director, NorTEC LWIA, asked to speak to the committee on the value of business services in the One-Stop system from the NorTEC perspective. He provided each attendee with an overview of this discussion. Due to the in-depth information Mr. Brown wanted to share and realizing this information was pertinent to this committee's charge, the committee Chair, requested that Mr. Brown postpone his presentation for now and requested that he make a full presentation at the next committee meeting. The rationale Mr. Lindsey used is that as the One-Stop system moves to a demand driven system (meeting the employment and training related needs of business) this committee must be informed on what is working within the One-Stop system today. Mr. Brown's concept of services to business may bring "big-time value" to the One-Stop system in California.

No other business was brought before the committee.

Meeting adjourned at 2:55 PM.

Proposal by the California Workforce Investment Board Accountability Committee for a Cost Study of the One-Stop Career System

Summary of Proposal

This paper describes a proposed joint study by the California Workforce Investment (State Board) and the Employment Development Department (EDD) to examine the administrative, infrastructure, and direct services costs incurred by partner agencies in the local One-Stop Career Center systems, and the system outputs those costs support. The study would look into the direct and indirect costs associated with levels of services, delivery of services, and outcomes achieved within the One-Stop Career Centers. The study will provide an in-depth examination of the extent to which federal, State, and local resources promote integration, accountability, effectiveness, and efficiency in the workforce system.

Statement of Problem

The One-Stop Career Center System in California is a complex system comprised of different federal, State, and local funding streams, program requirements, and service delivery methods. These complexities have resulted in a system that is viewed by some as less effective or efficient than federal and State policymakers would have hoped. In concept, the partners in the One-Stop System are supposed to function as an integrated umbrella enterprise with common goals and outputs. A Memorandum of Understanding (MOU) is supposed to specify the services to be provided, who will provide those services, and how the operations of the One-Stop System will be financed. The reality is that there is inconsistent integration of services and no centralized accounting process within the System that effectively controls or accounts for all resources utilized to produce the System's outputs.

As a result, the One-Stop System appears to some of its customers and outside observers as a fragmented and inefficient business enterprise. The absence of good information on the service mix, costs and outputs of the System has created unanswered questions about duplication and waste, quality of service, and the future direction of the System, given the limited amount of available resources.

To date, there has been no in-depth study of the One-Stop Career System that has examined the numbers of individuals receiving different levels of service, the costs of delivering those services, and the outcomes achieved by individuals who receive varying levels of service. By collecting these data, the State and local policymakers would obtain a better, more comprehensive understanding of how the partners utilize resources within the workforce system to deliver services.

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Project Description

The proposed project would study the costs incurred by One-Stop partner agencies in delivering workforce services to individuals who use the One-Stop Career Centers, including services delivered in the One-Stops and services outside of the One-Stops to which the system provides access. This project is intended to advance understanding among local, State, and federal partners concerning the numbers of individuals receiving different levels of service, the costs of delivering those services, and the outcomes achieved by individuals who receive varying levels of service within the One-Stop Career Center System.

The State Board and the EDD propose to conduct this project through surveys, analyses of administrative records, and in-depth, focused examinations of services and costs in selected Local Workforce Investment Areas (Local Areas) and at the State level.

The study will be based on the following principles:

- The results should enable the system's partners to tell an accurate story of the workforce system's costs, achievements, and returns on investment.
- The analysis should match costs, services, and outcomes.
- The analysis should be system-wide, not focused on funding silos.
- All partners' contributions should be considered.
- Data collection should be designed to minimize burden and maximize the potential for project success.
- Existing data should be used whenever possible to lessen the data collection burden on participating entities.
- Categories used for data collection should be clearly defined, easily understood, and reasonably easy to report.
- Focus sites should be used to develop more detailed interpretive data.
- The data collected and analysis performed should support valid conclusions.

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Study Design

The proposed study will be comprised of five components:

1. A survey of 10 to 20 Local Workforce Investment Areas (LWIAs) which collect identifying information from all individuals who receive services through the One-Stop System. These sites will reflect the economic, geographic, and socio-demographic diversity of California. This survey will collect data from all One-Stop partners on personnel and non-personnel costs arrayed across four tiers of service:
 - Tier 1—Self-directed services: these are services the individual can access with little or no assistance from staff.
 - Tier 2—Staff-assisted services: staff provides these one-on-one services to meet the specific needs of the individual.
 - Tier 3—Training and supportive services: these represent the direct and indirect costs of training and direct support payments that enable the individual to be employed or participate in training.
 - Tier 4—Employer services: these costs reflect assistance provided to specific employers to address their human resource needs.
2. A line-item categorization of state-level expenses, incurred at the headquarters level, which support One-Stop operations.
3. An in-depth study of One-Stop costs and outputs in 2 to 4 additional LWIAs. These LWIAs will serve as the study's focus sites. These case studies will generate:
 - a. Cost categorized by natural classification (budget line item) of cost.
 - b. Cost categorized by function (also referred to as activities).
 - c. Relationship between the cost of each function and its production or output specific to each funding source in the focus LWIAs.
 - d. Measurement of the benefits received by each partner resulting from their participation in the One-Stops.

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These focus sites will provide an in-depth look at how resources are integrated to support the workforce delivery system.

4. An analysis of the outcomes achieved by individuals served in the One-Stops, segregated by level of service received. This component will provide information that supports an assessment of the value of self-service access in the One-Stops. This analysis will begin to explore measurement of the return on investment associated with differing levels of service.
5. An overall assessment of the cost structure of the LWIAs studied. This final step will discuss the lessons learned from the study sites (survey and focus), and how those lessons may relate to the rest of the workforce system.

Project Costs

The estimated cost to conduct the study will reflect expenses for the following types of activities: project management, oversight and review, survey design, data collection, interviewing, travel, analysis, and reporting. These costs will be borne through in-kind contributions of the State partners, through State WIA procurement of consultant services, and through WIA reimbursement of limited local expenses for participation in study efforts. Initial research based on reviewing past contracts and discussions with subject experts in the area of cost allocation and program evaluation suggest that consultant costs will amount to approximately \$150-\$200 thousand dollars. It is recommended that the State consider making resources available for reimbursement of local agency study expenses in order to maximize participation.

Roles of the Consultant and State Staff

State staff will facilitate state and local-level collaborations with partner agencies, to build a cooperative environment for the consultant to operate. Staff will collect from the State partner agencies State-level expenditure information related to the operation of the One-Stop system, including data on expenditures that support the One-Stops in the case study and survey areas. Additionally, it will select a consultant organization that brings experience with the workforce investment system and expert knowledge of workforce programs and accounting practices, with particular expertise in activity-based cost accounting for the government sector. The State will also provide materials and instruction to the consultant on the case study model developed by the State and will work with the consultant in the selection of One-Stops that will be the focus of local study efforts. Finally, the

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State staff will oversee the progress and/or participate with the consultant during all phases of the contract including review and approve all reports produced.

The consultant will work closely with State staff in all aspects of the work plan, helping to refine project objectives and methods. The consultant will be responsible for planning data collection efforts and designing, developing, and testing all data collection instruments. Additionally, the consultant will work with local area One-Stop operators and their partner program managers and accountants in two to four case study areas to collect activity-based cost data following a model developed by the State; and conduct a survey of One-Stops in 10 to 20 local areas to gather cost data aggregated to broad service tiers. Finally, the consultant will provide instruction and assistance, as needed, to the local partner entities in order to collect complete and valid data and will be responsible for compiling and analyzing the data collected, and creating and presenting a report of findings to the committee.

Deliverables

The final report will consist of the following:

Summary of State-Level Expenditures Supporting the One-Stop System – Information that will categorize the direct and indirect headquarters expenses, incurred at the State level, in support of workforce investment activities at the Local Area level. The report will display these expenditures as budget line items.

Summary of One-Stop Partner Expenditures in Selected Local Areas – Information that analyzes the contributions of various partner organizations that provide services to One-Stop clients. It will describe the distribution of partner costs and staffing levels across service tiers, and discuss variations in approach among the selected Local Areas. It will also include an analysis of the use of personnel and non-personnel resources as they relate to differing levels of service.

Summary of Participants Served within Each Service Tier in Selected Local Areas – Information that will describe the number of individuals receiving each tier of service and provide some descriptive information about the characteristics of each group.

Summary of Participant Outcomes in Selected Local Areas – Information that will use existing performance measurement tools to capture workplace outcomes of individuals served by the One-Stops, including those who access only self-directed services.

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Case Studies of Focus-Site LWIAs – Information that will provide an in-depth look at how the partners in these LWIAs have coordinated and integrated resources to support the workforce system. It will define the specific functions performed in the One-Stops and discuss how different resources are used to carry out these functions. It will quantify the benefits each partner receives from the activities of the One-Stops.

Summarized Findings – Information that will provide an overview of all data collected during the study and provide perspective on their implications for the State's workforce system. Additionally, it will formulate and suggest specific policy recommendations to the State Board for action and approval based on the cost study findings.

Benefits

There are a number of benefits that could be derived from conducting a cost study of the One-Stop Center System. These benefits include:

- 1) An accurate picture and understanding of the level of direct and indirect costs associated with levels of services, delivery of services, and outcomes achieved within the One-Stop Career Centers.
- 2) A cost study that is consistent with the recommendations of the California Performance Review goals which is to restructure, reorganize, and reform state government to make it more responsive to the needs of citizens and the business community, specifically in the arenas of program performance assessment and budgeting and improving services and productivity.
- 3) A joint study by State and local One-Stop partners would provide an opportunity to establish successful models of collaborations that would provide incentives for partners to participate in future collaborative projects.
- 4) The identification and development of an alternative cost allocation and resource sharing process for the One-Stop Career Center System could improve the MOUs by promoting enhanced integration, greater efficiencies and effective use of resources that translate to savings, increased partnerships and leveraging of resources, better business decisions, and improved programs and services for customers.

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Data Collection Plan

- Expenditures and participant data from PY 2004-05
- Outcome data from participants exited during PY 2004-05
- Summary cost and participant data from all partners in selected LWIAs
- Line-item detail on headquarters support from State entities
- Break down by agency, funding stream, and function in focus sites

	Selected LWIAs, All Partners	DOL- Funds at State HQ Level	Focus Sites
Expenditures -- Total	X	X	X
Expenditures -- Personnel, Non-personnel	X	X	X
Expenditures for Each Service Tier	X		X
Expenditures by Line Item	X	X	X
Expenditures by Specific Function and Source			X
Staffing Levels by Service Tier	X		X
Total Participants Served	X		X
Total Participants by Service Tier	X		X
Total Participants Served by Function			X

Proposal by the California Workforce Investment Board Accountability Committee for a Cost Study of the One-Stop Career System

Work Plan

The tentative work plan that follows is only an overall project schedule for the expected activities and completion dates. It is anticipated that a detail work plan with specific activities will be completed by November 2005.

<u>ACTIVITY</u>	<u>COMPLETION DATES</u>
Obtain CWIB Approval	November 2005
Obtain Agency Approval of Funding	December 2005
Consult with State Partner Agencies on Support and Participation	January 2006
Identify LWIAs for Survey and Case Studies	January 2006
Complete Collection of State-Level Data	April 2006
Complete First Case Study	April 2006
Produce Summary of State-level Expenditures (all partners)	May 2006
Complete Remaining Case Studies	July 2006
Complete Survey of Partner Agencies in 10-20 LWIAs	July 2006
Produce Summary of Survey Results	August 2006
Produce Summary of Case Study Results	August 2006
Complete Final Report	October 2006
Approval by Board	November 2006